

#1

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

S-E-C-R-E-T

50X1-HUM

PROCESSING COPY

COUNTRY East Germany

REPORT

SUBJECT Directive for the Work of Trade
Representatives in Capitalist Countries

DATE DISTR. 30 OCT 1957

NO. PAGES 1

REQUIREMENT
NO. RD

REFERENCES

NOV 14 1957

DATE OF
INFO.PLACE &
DATE ACQ.

50X1-HUM

SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

50X1-HUM

East German

Directive

for the Work of Trade Representatives of East Germany in Capitalist Countries. The directive contains the following topics: general; chain of responsibility - staffing; duties of trade representatives; guidance and control; reporting duties of the trade representatives; telegraph, telegram and postal communications; professional qualifications and training; travel; official regulations of the trade representatives; and miscellaneous. (12 pages in English)

50X1-HUM

50X1-HUM

S-E-C R-E-T

50X1-HUM

| | | | | | | | | | | | | | | | | | | | |
|--|---|------|---|------|---|-----|---|-----|--|-----|--|--|--|--|--|--|--|--|--|
| STATE | X | ARMY | X | NAVY | X | AIR | X | FBI | | AEC | | | | | | | | | |
| (Note: Washington distribution indicated by "X"; Field distribution by "#".) | | | | | | | | | | | | | | | | | | | |

INFORMATION REPORT INFORMATION REPORT

SECRET**SECRET**

50X1-HUM

EAST GERMANYPolitical/Economic.Directive for the work of Trade Representatives of
EAST GERMANY in Capitalist Countries

The Trade Representatives of EAST GERMANY in capitalist countries are representatives of the East German Government. Their chief tasks are to care for, and the increase and normalisation of, trade relations of EAST GERMANY with capitalist countries, and the strengthening of the reputation of our Republic and the creation of friendly relations with all people.

I. GENERAL

1. The Offices of the Trade Representatives of EAST GERMANY in capitalist countries are independent organisations. The principal guidance for all Trade Representatives, as apart from their status, stems from the instructions of the Ministry of Foreign Trade. There are the following kinds of representatives of EAST GERMANY:-

- (a) Representatives of the East German Government.
- (b) " " of the Ministry of Foreign Trade.
- (c) " " of the Chamber for Foreign Trade.
- (d) " " of DIA Kompensation ____

2. All official instructions and decisions of the Ministry of Foreign Trade are binding upon the work of Trade Representatives.

3. The Foreign Trade Undertakings of EAST GERMANY shall have close co-operation with colleagues in the Trade Representatives' offices in the conduct of their trade policy and commercial tasks. This co-operation takes place especially in the regular delivery of sales data to the Offices of the Trade Representatives by the Foreign Trade Undertakings.

4. The Trade Representatives are required, within the limits of their brief, to represent all interests of EAST GERMANY in the partner country. For this purpose the various specialists are empowered, in accordance with the instructions given them by the Foreign Trade Undertakings, to conduct export and import business on the latter's behalf.

5. The bases for the representation of the commercial interests of EAST GERMANY in the countries concerned are the study of economic conditions and their development, scientific market and price research, knowledge of export and import production, as well as the setting up of a far reaching net of sales representatives. Customer-service and the

SECRET**SECRET**

50X1-HUM

SECRET**SECRET**

50X1-HUM

creation of spare parts stores and consignment depots are also the duties of the Trade Representatives.

6. The preparation and conclusion of export and import business through the Trade Representatives (for the current year) is based upon the plan "Land-Ware", as well as upon the sales data from the Foreign Trade Undertakings.

7. The conclusion of import business by the Trade Representatives follows without exception after examination of the prospects available to the Foreign Trade Undertakings, as well as submission of the necessary specifications or technical data. The prices quoted by the Foreign Trade Undertakings are to be taken as maximum prices. Trade Representatives are required to choose the right time and favourable conditions according to their knowledge of the market, and make corresponding proposals to the Foreign Trade Undertakings.

8. The Ministry of Foreign Trade and the Foreign Trade Undertakings of EAST GERMANY are required to place the necessary information for the fulfilment of their duties at the disposal of the Trade Representatives.

9. The Heads of the Offices of the Trade Representatives and their deputies are empowered and required, on the basis of the official instructions of the Trade Representatives, to take up contacts with official Government offices in conformity with the commercial targets of the Ministry of Foreign Trade, without special powers being granted them.

10. Negotiations, with the purpose of altering the present form of trade relations and agreements, e.g. the conclusion, renewal or amendment of trade treaties, are only permitted with the written permission of the Ministry of Foreign Trade.

11. The experts of the Offices of the Trade Representatives are required to keep the responsible departments of the Ministry of Foreign Trade regularly informed of the latest information on tenders in the markets of capitalist countries.

12. The Foreign Trade Undertakings will send the Trade Representatives copies of all export and import contracts with the country concerned. If contracts are directly concluded by the Trade Representatives the originals are to be sent to the Foreign Trade Undertakings.

SECRET**SECRET**

50X1-HUM

SECRET

SECRET

50X1-HUM

13. Members of the Office of the Trade Representative in one country require the permission of the responsible department of the Ministry of Foreign Trade before visiting a Trade Representative in another country.

14. The Trade Representatives of EAST GERMANY shall have close contact with the representatives of friendly states [i.e. EAST BLOC] in the countries concerned. They shall give support to the mutual interest of the democratic world market in the capitalist countries.

15. Negotiations with commercial sections of East German Embassies in democratic countries by the Trade Representatives of EAST GERMANY in capitalist countries are only permitted through the Department for Trade with Capitalist Countries in the Ministry of Foreign Trade.

II. CHAIN OF RESPONSIBILITY - Staffing.

1. The Trade Representatives of EAST GERMANY, in capitalist countries are under the orders of the Head of the responsible department (Hauptabteilung kapitalistischen Ausland) in the Ministry of Foreign Trade.

The Deputy Minister for Trade with Capitalist Countries is responsible for the systematic instruction of the Department for Trade with Capitalist Countries in the question of relations with Trade Representatives and their control.

2. The Trade Representatives will receive instructions in foreign political questions from the Ministry of Foreign Affairs of EAST GERMANY through the Ministry of Foreign Trade. The Ministry of Foreign Affairs will control the fulfilment of such duties.

3. The Heads of the Offices of Trade Representatives of EAST GERMANY in capitalist countries are required carefully to conduct any special tasks from the Chamber for Foreign Trade, e.g. preparation of trade fairs, Delegations, the notification of special trade information, arbitration questions, special advertising arrangements and contacts with Chambers for Foreign Trade and local business personalities. The Chamber for Foreign Trade will inform the responsible section of the Capitalist countries Department of the division of duties.

4. The Chamber for Foreign Trade has the right to issue orders to the Trade Representatives as well as to the [] DIA Kompensation which will be laid down in special instructions.

SECRET
SECRET

50X1-HUM

SECRET

SECRET

50X1-HUM

5. The Heads of the Departments of the Ministry of Foreign Trade and the Directors of the Foreign Trade Undertakings of EAST GERMANY are fully responsible for the instruction, support and control of the commercial work of their representatives in the Offices of the Trade Representatives.

They are empowered to direct them in a corresponding fashion, such instructions to be channelled through the Department for Capitalist Countries to the Heads of the Offices of the Trade Representatives.

6. Other Government Departments of EAST GERMANY than those named in points 1 - 5 are not permitted to give orders to Trade Representatives. They must first communicate with responsible sections of the Capitalist Countries Department.

7. The Heads of all Departments responsible for trade with capitalist countries are responsible for the appointment of Trade Representatives and their deputies. Their proposals must be approved by the Ministry of Foreign Trade.

The appointment of Trade Counsellors and Attaches to the Offices of Trade Representatives shall be made by the Minister of Foreign Trade.

8. The Heads of Departments of the Ministry of Foreign Trade are responsible for the appointment of representatives of the Foreign Trade Undertakings as well as for dismissals, leave, etc.

Proposals put forward by the Heads of Departments are to be confirmed by the responsible deputy of the Minister of Foreign Trade.

III. DUTIES OF TRADE REPRESENTATIVES.

1. The Trade Representatives of EAST GERMANY in capitalist countries will conduct their activities according to the directions of the Ministry of Foreign Trade.

2. The Heads of the Offices of the Trade Representatives are personally responsible for the fulfilment of current trade agreements and the plan "Land-Ware" for the country concerned. They shall prepare the necessary measures and make proposals to the Ministry of Foreign Trade, for the further development of trade relations.

The following problems deserve especial attention when undertaking trading policy in such countries:-

- (a) The taking up of relations with and co-operation with the Trade Representatives of friendly /EAST BLOC/ states.

SECRET

SECRET

50X1-HUM

SECRET

- 5 -

SECRET

50X1-HUM

- (b) The systematic examination of home and foreign policy and the role of foreign trade arising therefrom.
- (c) The study of special events in neighbouring countries which exercise a decisive influence in the country concerned.
- (d) The examination of the development of foreign trade, internal trade and financing of foreign trade, having regard to trade agreements already concluded with other countries.
- (e) Examination and evaluation of all trade development.
- (f) The despatch of official statistics and information material.
- (g) The permanent study of the possibilities for the expansion of EAST GERMAN exports to the country concerned and the introduction of new goods to this country; all questions concerned with these operations such as customs, licences, payments and exchange conditions.
- (h) The improvement of relations with business circles, circulation of information regarding relations with suitable firms, especially with central state construction and financial projects (to enable Foreign Trade Undertakings to submit offers in the case of public calls for tenders).
- (i) Support for Foreign Trade Undertakings in the choice of representatives, standing guidance and the control of same.
- (j) Analysis of fairs and exhibitions in other countries as well and evaluation of the same by local business circles and the local press.
- (k) Instruction and control of Foreign Trade Undertakings in publicity work which must conform to the conditions in the countries concerned.
- (l) Preparation of memoranda for the Capitalist Countries Department.
- (m) Control and evaluation of the fulfilment of plan agreements. Elaboration and conclusions on behalf of each Foreign Trade Undertaking on the completion of items, together with a report on the market situation and investments.
- (n) The furthering of trade relations by the organisation of visits by firms and delegations to the Foreign Trade Undertakings of EAST GERMANY, as well as visits to and participation in the Leipzig Fair.
- (o) Consideration of the participation of EAST GERMANY in exhibitions and fairs in the country concerned and the preparation of proposals.

SECRET**SECRET**

50X1-HUM

SECRET**SECRET**

50X1-HUM

- (p) Recommendations to the Ministry of Foreign Trade of plans for visits by delegations. Instructions to delegations whilst in the country and settling of visa formalities etc.

IV. GUIDANCE AND CONTROL

1. The chief responsibility for the guidance and control of the Trade Representatives in capitalist countries lies with the Department for Trade with Capitalist Countries. This should be based on:-
 - (a) The development of the international situation, the results of international conferences and the policy of EAST GERMANY and its corresponding targets.
 - (b) The experience of friendly [EAST BLOC] countries in trade with capitalist countries.
 - (c) The plan "Land-Ware" for trade with capitalist countries and the state of fulfilment of the plan or agreement.
 - (d) The market and price policy of EAST GERMANY.
 - (e) The policy of the capitalist countries towards the Democratic world market, in particular towards EAST GERMANY.
 - (f) Export and import structure of capitalist states with special regard to the economic development in certain countries, as well as export and import conditions and market development.
 - (g) The regular reports of the Trade Representatives on the political and economic situation of each country and the difficulties which arise in the trade, commercial and administrative fields.
 - (h) The evaluation of the work of the Trade Representatives by the Departments of the Ministry of Foreign Trade, the Foreign Trade Undertakings and the Chamber for Foreign Trade.
2. The guidance and control of the Trade Representatives is based on:-
 - (a) Supply [to the Trade Representatives] of control figures of the plan and actual realisation figures.
 - (b) Supply of trade targets for individual countries.
 - (c) Supply of the working plan of the Department for Capitalist Countries.
 - (d) Supply of analyses of the development of trade between EAST GERMANY and the countries concerned.
 - (e) Evaluation of the monthly reports of the Trade Representatives.
 - (f) Supervision of the working plan of the Trade Representatives.
 - (g) Supervision of their internal regulations.
 - (h) Distribution to all concerned of ~~the experience of individual~~ Trade Representatives.

SECRET**U**

50X1-HUM

7
SECRET
SECRET

50X1-HUM

- (i) Close co-operation with the Departments of the Ministry of Foreign Trade, the Chamber for Foreign Trade and the Foreign Trade Undertakings.
- (j) Direct control of the work of each Trade Representative once per annum.
- (k) Special tasks, reports and information on commercial policy.

3. The chief departments of the Ministry of Foreign Trade are, together with the Directors of the foreign Trade Undertakings, responsible for the commercial activity and control of the Foreign Trade Undertakings. In fulfilling these tasks, regard should be paid to:-

- ✓ (a) The targets, instructions, analyses and other material supplied by the Chief Department for Capitalist Countries.
- (b) The development of the export and import possibilities of our people's economy in accordance with the plans of the Production Ministries of EAST GERMANY.
- (c) The experience, proposals and evaluations of the Foreign Trade Undertakings on the work and duties of the specialists in the Trade Representatives' offices.
- (d) The development of world market prices for export and import goods in co-operation with the East German Institute for Market Research.
- (e) The commercial and legal requirements of EAST GERMANY vis a vis the partner countries, in co-operation with the Chamber for Foreign Trade.
- (f) The problems of transport and traffic in co-operation with the Office of Customs.
- (g) The work of the Office for the protection of Patents and Discoveries, the Legal Department of the Ministry of Foreign Trade, and the Chamber for Foreign Trade, to ensure the protection of trade marks of East German export goods.
- (h) The experiences of commercial representatives of Foreign Trade Undertakings in various countries.

4. The operative guidance and control of the work of the special representatives of the Foreign Trade Undertakings in the Offices of the Trade Representatives is to be carried out through the Chief Departments of the Ministry of Foreign Trade and Directors of Foreign Trade Undertakings, with special attention to the following duties:-

- (a) Systematic evaluation of the experiences of Foreign Trade Undertakings of friendly EAST BLOC countries and EAST GERMANY.

SECRET
SECRET

50X1-HUM

SECRET
SECRET

50X1-HUM

- (b) Regular evaluation of the reports of the special representatives in the Offices of the Trade Representatives.
- (c) Analysis of and tasks for the commercial representatives of the Foreign Trade Undertakings.
- (d) Broadening of the representative nets and organisation of customer service.
- (e) Erection of spare parts and goods depots.
- (f) Taking part in requests for tenders.
- (g) Enquiry into the competitive value of our export goods with regard to price, packing, technical quality and style.
- (h) The activity of seasonal markets.
- (i) The use of foreign exchange rates.
- (j) Preparation for fairs etc.
- (k) The development of world market prices and analysis thereof.
- (l) Improvement of contracts.
- (m) Exchange of members of Foreign Trade and Production Departments to study market possibilities.
- (n) Immediate replies to enquiries from Trade Representatives.
- (o) Contact work, interesting new customers, etc.

5. The guidance and control of the work of special representatives of the Foreign Trade Undertakings of EAST GERMANY through the Chief Departments of the Ministry of Foreign Trade must rest on close collaboration with the Foreign Trade Undertakings themselves, as well as with the Production, Export and Scientific Ministries and Institutions.

V. REPORTING DUTIES OF THE TRADE REPRESENTATIVES

1. The Trade Representatives are, under official regulations, required to report to the Ministry of Foreign Trade on trade and commercial questions and activities.
2. The Trade Representatives shall send short monthly reports and quarterly, half-yearly and yearly analyses. The preparation of the analyses shall be made on the basis of the state of the fulfilment of the plan and the local agreements according to a unified scheme to be worked out by the Chief Department for Capitalist Countries. In the analyses the current trade situation is to be fully examined.
3. The analyses are to be prepared by the Trade Representative "Kollektiv". (The special representatives of the Foreign Trade Undertakings in the Offices of the Trade Representatives shall prepare independent analyses which shall serve as a basis for the general analyses to be prepared by the Heads of the Offices of ^{the Trade Representatives.}

SECRET
SECRET

50X1-HUM

SECRET**SECRET**

- 9 -

50X1-HUM

4. The general analyses should be in the hands of the Head of the Department for Capitalist Countries for evaluation by the 15th of the following month. The analyses of the special representatives should be with their respective departments in the Ministry of Foreign Trade by the same date.
5. The Trade Representatives shall send regular reports on the basis of instructions for market research given them by the responsible section of the Chief Department for Capitalist Countries.
6. This directive does not affect the reports prepared by the experts for the technical services and other general instructions for regular or special reports.

VI. TELEGRAPH, TELEGRAM AND POSTAL COMMUNICATIONS

1. All telephone communications between the Ministry of Foreign Trade and the Offices of the Trade Representatives in capitalist countries require the approval of the Head of the Section concerned or the Head of the Office of the Trade Representative.
2. Conduct of telegraphic traffic between the Trade Representatives and the Ministry of Foreign Trade is the responsibility of the Head of the Department for Capitalist Countries. For day to day commercial questions, telegraphic traffic should be carried on directly between the Trade Representatives and the Directors of the Foreign Trade Undertakings.
3. Correspondence with the Trade Representatives shall be carried on by the responsible Heads of Departments and Chief Departments of the Ministry of Foreign Trade and the Directors of the Foreign Trade Undertakings, within their sphere of work.
4. Telegrams shall be answered within 24 hours, urgent requests within 3 days and letters within a week by airmail. If there is any unavoidable delay an intermediate reply shall be sent. The necessary secrecy is to be observed in all correspondence.

VII. PROFESSION QUALIFICATIONS AND TRAINING

1. Professional and political training of all members of the Offices of Trade Representatives of EAST GERMANY in capitalist countries shall

SECRET
SECRET

50X1-HUM

SECRET**SECRET**

- 10 -

50X1-HUM

be based on the plan of the Trade Representatives and will be approved by the responsible department of the Ministry of Foreign Trade.

✓ 2. The Heads, Deputy Heads and Technical Representatives of the Foreign Trade Undertakings, as well as the secretaries and typists, are required to learn the language used in commercial business in the country concerned.

3. The Training Section shall send training material through the Press Section of the Ministry of Foreign Trade.

4. Training is to be conducted according to the regulations of the Trade Representatives.

5. The Heads of the Offices of the Trade Representatives bear full responsibility for the regular conduct of such training; quarterly reports shall be made upon it.

VIII. TRAVEL

(a) Travel of members of Foreign Trade Organisations of EAST GERMANY or other citizens of EAST GERMANY.

1. Heads of the Offices of the Trade Representatives are required to afford every support to all travelling delegations of EAST GERMANY, specialist groups or single individuals, in the execution of their duties. They are required to oversee the conduct of their duties and only to permit the return of the delegation or single persons when a final report of their work is to hand.

2. The Heads of the Offices of the Trade Representatives have to ensure that official journeys under point 8 (a) are based on current orders which are to be confirmed, in the case of Trade Treaty negotiations by the Minister or his Deputy, in the case of journeys of members of the Ministry of Foreign Trade by the responsible Head of Department, and in the case of members of Foreign Trade Undertakings by the Directors thereof.

Before the beginning or end of any official journey the responsible department is to supply a copy of the orders for the journey and final report.

SECRET**SECRET**

50X1-HUM

50X1-HUM

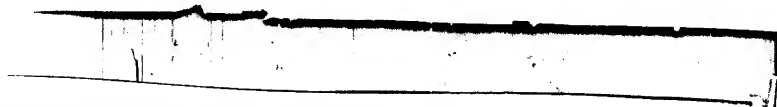
SECRET

- 11 -

SECRET**(b) Travel of members of Offices of the Trade Representatives**

1. Official journeys of members of Offices of the Trade Representatives in the country concerned are to be authorised by the Head of the Office. He will decide the usefulness and necessity of the journey after due consideration of the reasons therefor.
2. Private journeys within the country of residence require the permission of the Head of the Office. Any journey lasting more than three days requires the approval of the responsible Head of Department. This approval must also be obtained for the families of members of the Offices of the Trade Representatives.
3. Regulations of the country concerned must be observed on all official journeys. Any incident must be reported to the authorising department.
4. Official journeys to EAST GERMANY are usually only to be made after approval or instructions from the responsible Head of Department. Yearly leave travel to EAST GERMANY shall be conducted according to the leave plan of the Trade Representative. This requires the approval of the Head of the responsible department as do any urgent private journeys. Journeys of members of Offices of the Trade Representatives or of their families in other countries are only permitted on the orders of, or with the permission of, the Head of the responsible department.

IX. OFFICIAL REGULATIONS OF THE TRADE REPRESENTATIVES

1. Trade Representatives shall prepare regulations for their internal tasks and the frictionless conduct of their work.
- 

3. Proposed regulations must be approved by the responsible department.
4. The regulations shall form the basis of the yearly local inspection by a member of the responsible department.

X. MISCELLANEOUS

1. The responsibility for the welfare of the Offices of the Trade Representatives in all cultural and personal questions is with the responsible welfare section of the Ministry of Foreign Trade or the Ministry of Foreign Affairs.

SECRET

50X1-HUM

SECRET

- 12 -

SECRET

50X1-HUM

2. The Press Section of the Ministry of Foreign Trade is responsible for the despatch of newspapers, periodicals, books and other materials.

3. The Trade Representatives shall supply the responsible department of the Ministry of Foreign Trade with regular press information, articles etc., which, after examination by the responsible department, shall be sent to the Press Section of the Ministry of Foreign Trade.

4. Trade Representatives with Consular functions will receive special instructions supplementing this directive.

NOTE: "Responsible Department" means in every case the Hauptabteilung Handel mit dem Kapitalist Ausland.

SECRET

50X1-HUM